



**To:** Human Resources and Governance (HR&G) Committee  
**From:** Vickie Leady, ERCOT Assistant General Counsel and Assistant Corporate Secretary  
**Date:** November 30, 2015  
**Re:** Item 5 - Annual Committee Self-Evaluation Survey Results

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At the October 12, 2015 HR&G Committee meeting, Committee members were encouraged to complete and submit the Annual Committee Self-Evaluation Survey. All seven Committee members completed the survey.

Attached are the anonymous responses received to Annual Self-Evaluation Survey results for the Committee's consideration.

Please note that while aggregating the 2015 HR&G Committee Self-Evaluation Questionnaire responses, we discovered that the questionnaire which was posted to Diligent was lacking the following question:

Question 9 - The committee annually reviews and approves performance goals & objectives with respect to the compensation of the CEO.

Since the 2015 questionnaire in Diligent was duplicated from the one posted in Diligent in 2014, we learned that the 2014 questionnaire was also missing the same question.

After discussing this matter with Chairman Pfirrmann, we will take a quick oral poll of Committee members on this particular question at the December 7, 2015 meeting.



ERCOT HR & Governance Committee 2015 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
1	Does the committee have the appropriate number of members? The committee should not be so large that: <ul style="list-style-type: none"> <li>▪ its ability to operate efficiently and effectively is reduced</li> <li>▪ members' ability to raise issues is hampered</li> <li>▪ it is difficult to get a quorum when a time-sensitive issue arises</li> </ul>	7			
2	Do committee members have varied backgrounds and bring diverse expertise?	7			
3	Committee members demonstrate their objectivity during meetings through behaviors such as driving agendas, rigorous probing of issues, consulting with other parties, and encouraging direct questions.	6	1		<p>Comment #1: Yes and we achieve the correct balance between probing management to ensure we understand the issues and any proposed solutions while not overstepping our responsibilities by attempting to do managements job.</p> <p>Comment #2: The committee could do a better job of reaching out to interested parties to receive their input on issues before the committee.</p>
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	7			
5	Committee members challenge the Chair as appropriate.	6		1	As Chair I think we have the correct balance. Others may disagree.



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6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	7			Our charter forms the basis for each of our agendas.
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	6		1	I would like to see more comprehensive CEO compensation information, including annual comparisons to the other ISOs as well as large municipally-owned utilities and large electric cooperatives in Texas. While I realize the purview that the PUCT has over CEO compensation, I would like to ensure that HR&G members are able to provide objective input to the process.
8	The committee reviews pay levels for corporate officers.	7			
9	The committee evaluates and measures the CEO's performance against the goals and objectives set for the year and provides oversight of the performance evaluation of all other officers against approved goals and objectives.	7			
10	The committee consults with the CEO and advises the Board with respect to senior management succession planning	7			Comment #1: However it has been pointed out by other Board members that they feel they need greater levels of detail into the succession planning process and in



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					<p>particular the results of those plans. We will improve our efforts along these lines during the upcoming year.</p> <p>Comment #2: I have been very impressed with the depth and thoroughness of senior management succession planning. In addition to providing continuity for senior management, it is also an excellent way for the HR&amp;G members to see how the CEO thinks, manages, provides opportunities, and evaluated their senior team.</p>
11	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.	7			
12	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	6		1	HR&G has spent quite a bit of time on this topic, however, it seems that more could be done to review and evaluate executive compensation programs at comparable entities (e.g. ISOs, municipally-owned utilities, electric cooperatives). A lot of work has gone into educating and collaborating with the regulatory officials, but this is



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					a vital issue since it impacts our ability to attract and retain top talent in the CEO position, an objective which is critical to reliability.
13	The committee approves contractual employment arrangements.	4	2	1	<p>Comment #1: I do not believe that the committee does not do this on ALL contract employees.</p> <p>Comment #2: Not in all cases. Many of our employment arrangements are the responsibility of the CEO.</p> <p>Comment #3: I believe we recommend to the full Board approval of such arrangements. We can disapprove such arrangement preventing consideration at the full Board level if we believe that is in the best interests of ERCOT.</p>
14	The committee considers Board directors and Board committee compensation matters as needed.	7			
15	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	5		2	Comment #1: I don't recall discussing this topic during the past year. We may want to consider providing more opportunities for governance training for Board members,



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					<p>particularly the stakeholder representatives.</p> <p>Comment #2: This probably is an area where we could place more emphasis.</p> <p>Comment #3: Yes but we still need to do better in this area I believe.</p>
16	The committee considers and recommends Board succession planning.	7			
17	The committee conducts an annual self-evaluation of its performance and reports the results to the Board, including recommended charter, membership and other changes.	7			
18	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.	7			
19	The committee engages outside experts as appropriate.	5	1	1	<p>Comment #1: Have not been on HR&amp;G long enough to have been involved in the use of outside experts. The topic has been discussed in committee meetings, however.</p> <p>Comment #2: I have not seen this in practice.</p>
20	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	7			<p>Comment #1: The committee does an excellent job in this area.</p>



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					Comment #2: I think the HR&G committee members are extremely attentive to this issue, and take great pains to maintain this distinction.
21	The committee interacts and communicates with management effectively and appropriately.	7			There is very good rapport between the ERCOT management and the committee. The HR&G has done a great job developing this relationship and ERCOT staff appear to be very open and candid with the committee.
22	The committee is focused and understands its functions and responsibilities.	7			
23	The committee conducts executive sessions in a manner that is respectful to the individual, while at the same time asking tough and necessary questions, evaluating answers, and pursuing issues that might arise.	7			
24	The committee communicates at an appropriate level of detail when informing the Board of its actions.	7			Finding the correct level can be challenge at times. As chair, I try to hit the pertinent highlights of our Committee discussions without overdoing the detail.



ERCOT HR & Governance Committee 2015 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
25	Committee members receive clear and succinct agendas and supporting written material.	7			Staff does a great job of ensuring the Committee is fully informed prior to our meetings.
26	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.	7			
27	Committee members have adequate opportunities to discuss issues and ask questions.	7			Staff support is very helpful in addressing Committee member questions.
28	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	7			
29	Meeting facilities and presentation materials are effective for the conduct of committee activities.	7			ERCOT staff does an exceptional job disseminating materials and setting up the meeting facilities.
30	Please add additional comments, questions and suggestions		2		The HR&G Committee has functioned very effectively this past year as demonstrated by the efficient way that a new CEO was identified and selected.